CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2018

The condensed interim financial statements as of June 30, 2018 as well as the related explanatory notes have not been subject to a review of KPMG Bedrijfsrevisoren.

1.1 Condensed consolidated statement of financial position

In million Euro	Note	June 30, 2018	Jan 1, 2018*	December 31, 2017
ASSETS				
Non-current assets		**1,014**	**985**	**985**
Goodwill		516	509	509
Intangible assets		82	80	80
Property, plant and equipment		190	190	190
Investments in associates		5	5	5
Other financial assets	14	10	11	11
Trade receivables	14	14	14	14
Receivables under finance lease	14	73	55	55
Other assets		5	6	6
Deferred tax assets		119	115	115
Current assets		**1,279**	**1,248**	**1,248**
Inventories		516	476	487
Trade receivables	14	384	419	503
Contract Assets		120	105	-
Current income tax assets		61	63	63
Other tax receivables		38	23	23
Receivables under finance lease		22	30	30
Other receivables	14	15	14	14
Other assets		32	34	44
Derivative financial instruments	14	2	16	16
Cash and cash equivalents	14	89	68	68
Non-current assets held for sale		-	-	-
Total assets		**2,293**	**2,233**	**2,233**
EQUITY AND LIABILITIES				
Equity		**306**	**307**	**307**
Equity attributable to owners of the Company		***270***	***275***	***275***
Share capital		187	187	187
Share premium		210	210	210
Retained Earnings		888	878	878
Other reserves		(81)	(69)	(69)
Translation reserve		(10)	(8)	(8)
Post-employment benefits: remeasurements of the net defined benefit liability		(924)	(923)	(923)
Non-controlling interests		***36***	***32***	***32***
Non-current liabilities		**1,291**	**1,241**	**1,241**
Liabilities for post-employment and long-term termination benefit plans	6	1,138	1,149	1,149
Other employee benefits		14	13	13
Loans and borrowings	14	112	47	47
Provisions		5	5	5
Deferred tax liabilities		17	21	21
Trade payables	14	2	3	4
Contract Liabilities		1	1	-
Other liabilities		2	2	2

1.1 Condensed consolidated statement of financial position (*continued)*

In million Euro	Note	June 30, 2018	Jan 1, 2018*	December 31, 2017
Current liabilities		**696**	**685**	**685**
Loans and borrowings	14	32	39	39
Provisions		41	49	66
Trade payables	14	225	220	220
Contract Liabilities		167	145	128
Current income tax liabilities		51	53	53
Other tax liabilities		46	34	34
Other payables	14	10	13	12
Employee benefits		115	128	128
Other liabilities		5	2	3
Derivative financial instruments	14	4	2	2
Total Equity and Liabilities		**2,293**	**2,233**	**2,233**

* During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the statement of financial position that has changed resulting from the application of the new IFRS standard IFRS 15 'Revenue from Contracts with customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1st 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. More guidance is given in section 1.5.'Selected explanatory notes' of this interim financial report.

1.2 Condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income

In million Euro	Note	6 months ending June 30, 2018	6 months ending June 30, 2017 *
Revenue	**8**	**1,108**	**1,210**
Cost of sales		(750)	(805)
Gross profit		**358**	**405**
Selling expenses		(161)	(174)
Research and development expenses		(73)	(74)
Administrative expenses		(86)	(86)
Impairment loss on trade and other receivables, including contract assets – net amount		(1)	1
Other operating income		34	32
Other operating expenses		(25)	(36)
Result from operating activities	**7**	**46**	**68**
Interest income (expense) – net		***(3)***	***(3)***
Interest income	9	1	1
Interest expense	9	(4)	(4)
Other finance income (expense) – net		***(17)***	***(17)***
Other finance income	9	3	5
Other finance expense	9	(20)	(22)
Net finance costs		**(20)**	**(20)**
Profit (loss) before income tax	**7**	**26**	**48**
Income tax expense		(13)	(13)
Profit (loss) for the period		**13**	**35**

*During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the statement of profit or loss and comprehensive income that has changed resulting from the application of the new IFRS standard IFRS 9 '*Financial Instruments*'. According to this new standard the impairment losses on trade and other receivables are now shown on the face of the statement of profit or loss. Comparatives have been adjusted. For the period 6 months ending June 30, 2017 an amount of 2 million euro has been reclassified from Other operating income and an amount of 1 million has been reclassified out of other operating expenses.

In the statement of comprehensive income, the change in fair value of equity instruments at fair value through OCI shifted to 'Items that will not be reclassified subsequently to profit or loss'. More guidance on financial instruments is given in section 1.5.'Selected explanatory notes' of this interim financial report.

1.2 Condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income *(continued)*

In million Euro	**Note**	**6 months ending June 30, 2018**	**6 months ending June 30, 2017 ***
Profit (loss) attributable to:			
Owners of the Company		10	32
Non-controlling interests		3	3

Condensed consolidated statement of comprehensive income

Profit (loss) for the period		**13**	**35**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		*(1)*	***(25)***
Exchange differences on translation of foreign operations		(1)	(25)
Exchange differences on disposal of foreign operations reclassified to profit or loss		-	-
Exchange differences on net investment hedge		-	-
Income tax on exchange differences on net investment hedge		-	-
Cash flow hedges:		*(11)*	***8***
Effective portion of changes in fair value of cash flow hedges		(5)	20
Change in fair value of cash flow hedges reclassified to profit or loss		(5)	-
Adjustment for amounts transferred to initial carrying amount of hedged item		(5)	(7)
Income taxes		4	(5)
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through OCI – change in fair value *		(1)	-
Remeasurements of the net defined benefit liability		-	-
Income taxes on reeasurement of the net defined benefit liability		*(1)*	-
Total other comprehensive income for the period, net of tax :		**(14)**	**(17)**
Total comprehensive income for the period		**(1)**	**18**
attributable to:			
Owners of the Company		(5)	16
Non-controlling interests		4	2

The condensed consolidated statement of comprehensive income for the current interim period (second quarter ending June 30, 2018) with comparative statements of comprehensive income for the comparable interim period for the immediately preceding year, as required by IAS34.20, has been included in addendum.

1.3 Condensed consolidated statement of cash flows

In million Euro	**Note**	**6 months ending June 30, 2018**	**6 months ending June 30, 2017 ***
Profit (loss) for the period		**13**	**35**
Income tax expense		13	13
Share of results of associated companies		- -	
Net finance costs		20	20
Operating result		**46**	**68**
Adjustments for:			
Depreciation, amortization and impairment losses		27	27
Other non-cash expenses		70	70
Changes in:			
Inventories		(56)	(72)
Trade receivables **		33	-
Contract assets **		(16)	-
Trade payables **		4	15
Deferred revenue and advance payments **		-	27
Contract liabilities **		23	-
Other working capital		(1)	(12)
Cash out for employee benefits		(101)	(109)
Cash out for provisions		(14)	(10)
Changes in lease portfolio		(9)	2
Cash generated from operating activities		**6**	**6**
Income taxes paid		(10)	(7)
Net cash from (used in) operating activities		**(4)**	**(1)**
Capital expenditure		(22)	(18)
Proceeds from sale of assets		7	3
Acquisition of subsidiary, net of cash acquired	10	(13)	(2)
Interest received		1	1
Dividends received		-	-
Net cash from (used in) investing activities		**(27)**	**(16)**
Interests paid		(6)	(6)
Dividends paid to non-controlling interests		-	(10)
Proceeds from borrowings		56	-
Repayment of borrowings		-	(11)
Proceeds from derivatives		6	-
Other financing income (costs) incurred		(1)	
Other financial flows			(12)
Net cash from (used in) financing activities		**55**	**(39)**
Net increase (decrease) in cash and cash equivalents		**24**	**(56)**
Cash and cash equivalents at 1 January ***		67	127
Effect of exchange rate fluctuations		(4)	(2)
Net increase (decrease) in cash and cash equivalents		24	(56)
Cash and cash equivalents at 30 June ***		87	69

* During 2018, the Group has changed the presentation of the Consolidated statement of cash flows by separating following non-cash expenses: write-downs on inventories, impairment losses on receivables, additions and reversals of provisions and accrued expenses for personnel commitments and defined benefit plans and similar plans. These other non-cash expenses were previously reflected in 'Changes in Trade Working Capital' and 'Changes in Provisions'. By this new presentation, management believes to provide more relevant information to the users of the Consolidated Financial Statements. Therefore, the Group has restated the comparative period presented.

** During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the consolidated statement of financial position and the consolidated statement of cash flows that both have changed resulting from the application of the new IFRS-standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. Due to the changes in IFRS15, the cashflows on the different line items of the Trade Working Capital are not comparable with 2017 as the cash from / (used in) contract assets and contract liabilities for 2017 were reflected in the line items 'Changes in inventories', 'Changes in trade receivables' and 'Changes in other working capital'. More information is provided in footnote (1) to the Consolidated statement of financial position

*** 'Net of bank overdraft previously included in proceeds / repayments of borrowings (December 31, 2017 : 1 million euro / June 30 : 2 mio euro)

1.4 Condensed consolidated statement of changes in equity

	Attributable to owners of the Company										
In million Euro	**Share capital**	**Share premium**	**Retained earnings**	**Reserve for own shares**	**Revaluation reserve**	**Hedging reserve**	**Remeasurement of the net defined benefit liability**	**Translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2017	**187**	**210**	**841**	**(82)**	**2**	**1**	**(976)**	**32**	**215**	**37**	**252**
Comprehensive income for the period											
Profit (loss) for the period	-	-	32	-	-	-	-	-	32	3	35
Other comprehensive income net of tax	-	-	-	-	-	8	-	(24)	(16)	(1)	(17)
Total comprehensive income for the period	**-**	**-**	**32**	**-**	**-**	**8**	**-**	**(24)**	**16**	**2**	**18**
Transactions with owners recorded directly in equity											
Dividends	-	-	-	-	-	-	-	-	-	(10)	(10)
Total of transactions with owners recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(10)**
Balance at June 30, 2017	**187**	**210**	**873**	**(82)**	**2**	**9**	**(976)**	**8**	**231**	**29**	**260**
Balance at January 1, 2018	**187**	**210**	**878**	**(82)**	**3**	**10**	**(923)**	**(8)**	**275**	**32**	**307**
Comprehensive income for the period											
Profit (loss) for the period	-	-	10	-	-	-	-	-	10	3	13
Other comprehensive income net of tax	-	-	-	-	(1)	(11)	(1)	(2)	(15)	1	(14)
Total comprehensive income for the period	**-**	**-**	**10**	**-**	**(1)**	**(11)**	(1)	**(2)**	**(5)**	**4**	**(1)**
Transactions with owners recorded directly in equity											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Total of transactions with owners recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at June 30, 2018	**187**	**210**	**888**	**(82)**	**2**	**(1)**	**(924)**	**(10)**	**270**	**36**	**306**

1.5 Selected explanatory notes to the condensed consolidated interim financial statements as of June 30, 2018

1. Reporting entity

Agfa-Gevaert NV (the "Company") is a company domiciled in Belgium. The condensed interim financial statements of the Company as at and for the six months ended June 30, 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The consolidated financial statements of the Group as at and for the year ended December 31, 2017 are available on the Company's website: www.agfa.com.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union up to 30 June 2018. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2017. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 21, 2018.

3. Significant accounting policies

Except as described below, the Group has applied in these condensed consolidated interim financial statements the same accounting policies as those applied in the consolidated financial statements as at and for the year ended December 31, 2017. The Group has initially adopted IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial Instruments* as from January 1, 2018.

The application of IFRS 15 *Revenue from Contracts with customers*, did not have a material impact to the consolidated financial statements but has changed the presentation of the statement of financial position. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1st 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

The new standard has introduced the concept of contract assets and contract liabilities. At December 31, 2017 these assets and liabilities were included in other captions of the balance sheet. At January 1, 2018 recognized not billed revenue amounting to 84 million Euro, previously comprised in trade receivables, has been reclassified to contract assets. Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress. The reclassification from other assets to contract assets amounted to 10 million Euro and related to contracts with a third party that provides supporting services enabling the Group to deliver maintenance services to customers. On the liability side, contract liabilities at January 1, 2018 comprised deferred revenue and advance payments received from customers amounting to 128 million Euro, previously presented separately on the face of the balance sheet as well as bonuses and rebates related to goods and services purchased by customers during the period. The latter amounted to 17 million Euro and was previously presented as part of trade-related provisions.
The application of the new IFRS 15 standard did not have an effect on the amount recognized in revenue nor at the timing of revenue recognition. No effect was recognized in retained earnings at January 1, 2018.

For its financial instruments, the Group has applied in its condensed consolidated interim financial statements the requirements of the revised IFRS 9 'Financial Instruments'. IFRS 9 stipulates a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. More information is provided in Note 14 of these Interim Financial Statements.

With regard to impairment, IFRS 9 introduced a forward-looking expected credit loss model. This methodology of assessing impairment risks of individually reviewed outstanding receivables taking into account forward looking elements, was already applied within the Group. Therefore, the application of this requirement of IFRS 9 did not have a material impact to the consolidated financial statements.

The condensed consolidated interim financial statements are presented in Euro, rounded to the nearest million.

4. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from estimates.
In preparing the condensed consolidated interim financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2017.

5. Impairment testing of goodwill and intangible assets with indefinite useful life

An impairment test is to be carried out once a year, and this at the same time, unless indicators would trigger an impairment loss on an earlier moment. The Group performs its impairment test during the fourth quarter.
Based on IAS 36.99 management decided not to carry out a formal impairment test at June 30, 2018 since the annual impairment test performed at the Cash Generating Unit level had not revealed any impairment loss at December 31, 2017 and since the following criteria were met at June 30, 2018:

- The assets and liabilities making up the units have not changed significantly since the fourth quarter 2017;
- The recoverable amount calculation dated from the fourth quarter 2017 resulted in an amount that exceeded the carrying amount of the units by a substantial margin;
- Based on an analysis of events that have occurred and circumstances that have changed since the fourth quarter of 2017, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the units is remote.

6. Liabilities for post-employment and long-term termination benefit plans

In million Euro	June 30, 2018	Dec.31, 2017
Net liability for material countries	1,075	1,079
Net liability for non-material countries	39	42
Long-term termination benefit plans	24	28
Total net liability	**1,138**	**1,149**

For the measurement of its post-employment benefits as at June 30, 2018, the Group has applied the requirements of IAS19 (revised 2011).

During the first half year of 2018, the evolution in the carrying amount of the defined benefit obligation for the material countries, being 4 million Euro is explained by a defined benefit cost included in profit or loss of 31 million Euro, employer contributions and benefits paid directly by the Company amounting to 40 million Euro, the remaining difference is explained by translation differences (5 million Euro). The defined benefit cost of 31 million Euro comprises a defined benefit cost related to the Belgian DC-plans with return guaranteed by law amounting to 9 million Euro. The Group's employer contributions for the first half year 2018 have been impacted by the aforementioned DC-plans for the same amount.

As per 30 June 2018, no actuarial calculations have been performed. Detailed calculations are only performed at year-end. Therefore, in order to understand the Group's sensitivity to the evolution of the discount rates – in general the most decisive factor for the height of the net pension liability – we refer to the Annual Report 2017, disclosure note 24 'Employee Benefits' to the Consolidated Financial Statements.

7. Reportable segments

For the six months ended June 30

In million Euro	**Agfa Graphics**		**Agfa HealthCare**		**Agfa Specialty Products**		**Total**	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	520	609	487	503	101	98	1,108	1,210
Recurring EBIT (*)	9	31	40	36	12	8	61	75
Segment result (**)	5	28	31	34	11	8	47	70

(*) Recurring EBIT is the result from operating activities before restructuring and non-recurring items. Non-recurring items comprise results from the sale of land and buildings, past service costs related to defined benefit obligations and impairment losses.
(**) Segment result is the profit from operating activities allocated to a reportable segment

Reconciliation of profit or loss

In million Euro	For the six months ended June 30 2018	2017
Segment result	47	70
Profit (loss) from operating activities not allocated to a reportable segment	(1)	(2)
Results from operating activities	**46**	**68**
Other unallocated amounts:		
Interest income (expense) – net	(3)	(3)
Other finance income (expense) – net	(17)	(17)
Share of result of equity accounted investees	-	-
Consolidated profit (loss) before income taxes	**26**	**48**

Reconciliation of recurring EBIT

In million Euro	For the six months ended June 30 2018	2017
Segment recurring EBIT	61	75
Recurring EBIT from operating activities not allocated to a reportable segment	(1)	(2)
Recurring EBIT	**60**	**73**

8. **Revenue**

In Million Euro

	June 30, 2018
Revenue from contract with customers	1,103
Revenue from other sources:	
Cash Flow Hedges	5
Total Revenue	**1,108**

The disaggregation of revenue from contracts with customers at June 30, 2018 as required by IFRS 15 can be presented as follows:

IN MILLION EURO	AGFA GRAPHICS	AGFA HEALTHCARE	AGFA SPECIALTY PRODUCTS
Geographical region			
Europe, Middle East & Africa	273	286	46
NAFTA	123	103	26
LATAM	46	39	-
Asia	78	59	29
Total revenue by geographical region	520	487	101
Revenue by nature			
Revenue from the sale of goods	484	260	101
Revenue from the sale of services	36	227	-
Timing of recognition			
Revenue recognized at a point in time	504	302	101
Revenue recognized over time	16	185	-

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized in retained earnings at the date of initial application, i.e. January 1st 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. At January 1, 2018 no effect was recognized in retained earnings. More information is provided in Note 4 of the annual consolidated financial statements of the Group at December 31, 2017.

9. Net finance costs

For the six months ended June 30

In million Euro	2018	2017
Interest income on bank deposits	*1*	*1*
Interest expense	*(4)*	*(4)*
On bank loans	(2)	(2)
On EIB loan	(1)	(1)
On debentures	(1)	(1)
Interest income (expense) – net	**(3)**	**(3)**
Other finance income	3	5
Other finance expense	(20)	(22)
Other finance income (expense) – net	**(17)**	**(17)**
Net finance costs	**(20)**	**(20)**

Other finance income (expense) – net comprises interest received/paid on other assets and liabilities not part of the net financial debt position such as the net interest cost of defined benefit plans and the interest component of long-term termination benefits; exchange results on non-operating activities; changes in fair value of derivative financial instruments hedging non-operating activities; other finance income (expense).

10. Business Combinations

- **Inovelan SA**

  In the second quarter of 2018, the Group acquired 100% of the shares of Inovelan SA, a French e-health leader in the healthcare communication and care coordination. The acquisition will further strengthen Agfa HealthCare's Integrated Care platform, by adding value to the interoperability, expertise in secure messaging and chronic disease management to the French market.

The purchase price amounted to 9.5 million Euro, of which 0.7 million Euro will be paid over the coming 2 years based on EBIT achievements of the company acquired. Identifiable assets and liabilities are measured at their acquisition-date fair values.

Identifiable assets and liabilities assumed are as follows:

IN MILLION EURO	INOVELAN SA
Acquired Technology	2
Customer relationships	1
Trade Receivables	1

Contract Assets	1
Cash	1
Contract liabilities	(1)
Financial debt	(1)
Deferred tax liability	(1)
Total identifiable net assets acquired	**3**

Acquired technology and contractual customer relationships are amortized over a period of 5 years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. A goodwill amount of 6 million Euro was recognized as a result of the acquisition and is calculated as follows:

IN MILLION EURO	INOVELAN SA
Total consideration transferred	9
Fair Value of the identifiable net assets	3
Goodwill amount recognized	**6**

The goodwill on acquisition mainly relates to operating synergies. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and included in 'administrative expenses'.

- **Agreement with distributor of hardcopy film in China**

In the second quarter of 2018, in the framework of the reorganization of Agfa HealthCare's hardcopy distribution channels in China the Group has integrated in its own organization, the business of distribution and maintenance of Agfa products in China from Ningbo Hongtai Medical Equipment Limited, a leading distributor of hardcopy film in China. The Group acquires customer lists together with a major part of the workforce employed by Ningbo Hongtai Medical Equipment Limited which will enable the Group to distribute its products and related services in certain areas in China. The transfer of the business will take place gradually by geographical area over a period that started in the first quarter of 2018 and ending by June 2020.

The purchase price amounted to 10 million Euro, of which 4 million Euro is paid in cash and 6 million Euro will be paid over a period between 2018 and July 2019 based on the volumes transferred by geographical area.

Identifiable assets and liabilities assumed are as follows:

IN MILLION EURO	NINGBO HONGTAI MEDICAL EQUIPMENT LIMITED
Customer relationships	9
Deferred tax liability	(2)
Total Identifiable net assets acquired over time	**7**

Customer relationships and related goodwill will be recognized gradually by geographical area as control is transferred per zone. The amount of goodwill recognized at June 30th 2018 amounts to 0.6 million Euro, the amount of customer relationships recognized amounts to 2 million Euro. Customer relationships will be amortized over a period of 5 years

IN MILLION EURO	NINGBO HONGTAI MEDICAL EQUIPMENT LIMITED
Total consideration transferred	10
Fair Value of the identifiable net assets	7
Goodwill amount recognized over time	**3**

The goodwill on acquisition mainly relates to operating synergies and workforce. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and included in ‘administrative expenses’.

For the six months ended June 30, 2018 13 million Euro has been paid with regard to business combinations: 9 million Euro for the acquisition of Inovelan SA and 4 million Euro for Ningbo Hongtai Medical Equipment Limited,

11. Unusual items affecting the condensed interim financial statements

There are no unusual items that have affected the condensed interim financial statements as at and for the six months ended June 30, 2018.

12. Contingencies

There were no significant changes in contingencies as those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2017.

13. Related party transactions

Transactions with Directors and members of the Executive Management

For the six months ended June 30, 2018 there are compared to last year no significant changes in the compensation of key management personnel.

As of June 30, 2018 there were no loans outstanding to members of the Executive Management nor to members of the Board of Directors.

Other related party transactions

Transactions with related companies are mainly trade transactions and are priced at arm's length.

Non-controlling interests have a material interest in eight subsidiaries of the Group in greater China and the ASEAN region (June 30, 2018: 35 million Euro, December 31, 2017: 31 million Euro). In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group (June 30, 2018: 1 million Euro, December 31, 2017: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing the market position in the greater China and the Asian region. Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.
The subsidiaries of Agfa Graphics Asia Ltd. are

- Agfa (Wuxi) Printing Plate Co. Ltd.
- Agfa ASEAN Sdn. Bhd.
- Agfa Imaging (Shenzhen) Co. Ltd.
- Agfa Singapore Pte. Ltd.
- Agfa Taiwan Co Ltd.
- Shanghai Agfa Imaging Products Co., Ltd.
- Agfa Graphics Shanghai Co., Ltd

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At June 30, 2018, the accumulated amount of non-controlling interests attributable to Shenzhen Brother Gao Deng Investment Group Co., Ltd amounts to 35 million Euro. The profit allocated to non-controlling interests of this business partner amounts to 3 million Euro for the 6 months ending June 2018, exchange differences allocated to this business partner amount to 1 million Euro for the 6 months ending June 2018.

In the second quarter of 2017, Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend amounting to 10 million Euro.

The following table summarizes the transaction values and the outstanding balances between the Group and Shenzhen Brother Gao Deng Investment Group Co, Ltd.:

	June 2018		**June 2017**	
Million Euro	Transaction values	Balances outstanding	Transaction values	Balances outstanding
Sales of goods and services to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	11	9	13	7
Purchase of goods from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	4	-	17	-
Dividends	-	-	10	-

14. Financial instruments

Financial instruments include a broad range of financial assets and liabilities. They include both primary financial instruments such as cash, receivables, debt and shares in another entity and derivative financial instruments.

Financial assets have decreased by 102 million Euro, from 711 million Euro at 31 December 2017 to 609 million Euro at 30 June 2018. This evolution is mainly attributable to trade receivables that have decreased by 119 million Euro, from 517 million Euro at 31 December 2017 to 398 million Euro at 30 June 2018. At the liability side, the carrying amount of financial instruments have increased by 61 million Euro from 324 million Euro at 31 December 2017 to 385 million Euro at 30 June 2018 which is mainly explained by the evolution in 'Loans and borrowings'. In 2015, the Company has concluded a revolving credit facility with a notional amount of 400 million Euro and a maturity date of July 2020. Drawdowns under the credit facility amounted to 70 million Euro at 30 June 2018. At 31 December 2017 there were no drawdowns under this facility.

For its financial instruments, the Group has applied in its condensed consolidated interim financial statements the requirements of the revised IFRS 9 'Financial Instruments'. It eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. IFRS 9 stipulates a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. The Group measures subsequently to initial recognition its financial assets at either amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The new classification requirements did not have an impact on its accounting for trade and lease receivables, loans and investments in equity securities. At December 31, 2017 the Group has an investment in equity securities that was classified as available-for-sale under the old IAS 39 which is now designated at fair value through OCI. This has had no effect to the accounting treatment of these equity securities. Other financial assets classified as loans and receivables are under the new IFRS 9 classified as at amortized cost. Derivative financial instruments are continued to be measured at fair value through profit or loss, except for those derivatives that are designated as cash flow hedges which are measured at fair value through OCI. This is no change compared to the previous IAS 39 standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All derivative financial instruments are recognized at fair value in the statement of financial position.

Financial instruments on the liability side are measured at amortized cost or at fair value if requested by specific IFRS standards. Other liabilities that are mandatory at fair value through profit or loss (FVTPL) relate to contingent considerations that have arisen from business combinations.

With regard to hedge accounting, the Group has chosen to apply the new requirements of IFRS 9 and not to apply the requirements of the old IAS 39. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. This new methodology has had no impact on the consolidated financial statements.

The Group aggregates its financial instruments into classes based on their nature and characteristics. The following table shows the carrying amounts and fair values of financial assets and liabilities by category and a reconciliation to the corresponding line items in the statements of financial position.

In million Euro	June 30, 2018						
	Carrying amount						
	Fair value – hedging instruments	Mandatorily at FVTPL - Others	FVOCI – equity instruments	Financial assets at amortized cost	Other financial liabilities	Total	Fair Value
Fair Value Hierarchy	**(2)**	**(2) / (3)**	**(1)**		**(2)**		
Assets							
Other financial assets	-	-	8	2	-	10	**10**
Trade receivables	-	-	-	398	-	398*	
Receivables under finance lease	-	-	-	95	-	95*	
Other receivables	-	-	-	15	-	15*	
Derivative Financial instruments:	***1***	***1***				***2***	*2*
- Forward exchange contracts used for hedging	-	-	-	-	-	-	**-**
- Swap contracts used for Hedging	1	-	-	-	-	1	**1**
- Other forward exchange contracts	-	1	-	-	-	1	**1**
- Other swap contracts	-	-	-	-	-	-	**-**
Cash and cash equivalents	-	-	-	89	-	89	**89**
Total assets	**1**	**1**	**8**	**599**	**-**	**609**	
Liabilities							
Loans and Borrowings					***144***	***144***	***146***
EIB Loan	-	-	-	-	19	19	**19**
Other bank liabilities	-	-	-	-	83	83	**83****
Debenture	-	-	-	-	42	42	**44**
Trade payables	-	-	-	-	227	227 *	
Other payables	-	2	-	-	8	10 *	
Derivative Financial instruments:	***3***	***1***				***4***	***4***
- Swap contracts used for hedging	1	-	-	-	-	1	**1**
- Forward exchange contracts used for hedging	2	-	-	-	-	2	**2**
-Other Forward Exchange contracts	-	1	-	-	-	1	**1**
Total liabilities	**3**	**1**	**-**	**-**	**379**	**385**	

Fair Value hierarchy:

(1) Fair value hierarchy 1 means that fair value is determined based on quoted prices in active markets.
(2) Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for the related asset or liability.
(3) Fair value hierarchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable

* The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade and other payables as the carrying amounts of these assets and liabilities is a reasonable approximation of fair value.
** Transaction costs are included in the initial measurement of the financial liability (1 million euro)

In million Euro	December 31, 2017						
	Carrying amount						Fair Value
	Fair value hedging instruments	Mandatory at FVTPL - Others	FVOCI – equity instruments	Financial assets at amortized cost	Other financial liabilities	Total	
Fair Value Hierarchy	**(2)**	**(2)**	**(1)**		**(2)**		
Assets							
Other financial assets	-	-	9	2	-	11	**11**
Trade receivables	-	-	-	517	-	517 *	
Receivables under finance lease	-	-	-	85	-	85 *	
Other receivables	-	-	-	14	-	14 *	
Derivative Financial instruments:	***14***	***2***				***16***	***16***
- Forward exchange contracts used for hedging	4	-	-	-	-	4	**4**
- Swap contracts used for hedging	10	-	-	-	-	10	**10**
- Other forward exchange contracts	-	1	-	-	-	1	**1**
- Other swap contracts	-	1	-	-	-	1	**1**
Cash and cash equivalents	-	-	-	68	-	68	**68**
Total assets	**14**	**2**	**9**	**686**	**-**	**711**	
Liabilities							
Loans and Borrowings					86	86	**90**
EIB Loan	-	-	-	-	32	32	**33**
Other bank liabilities	-	-	-	-	12	12	**13 ****
Debenture	-	-	-	-	42	42	**44**
Trade payables	-	-	-	-	224	224 *	
Other payables	-	3	-	-	9	12 *	
Derivative Financial instruments:	***1***	***1***				***2***	***2***
- Forward exchange contracts used for hedging	1	-	-	-	-	1	**1**
- Other forward exchange contracts	-	1	-	-	-	1	**1**
Total liabilities	**1**	**4**	**-**	**-**	**319**	**324**	

Fair Value hierarchy:
(1) Fair value hierarchy 1 means that fair value is determined based on quoted prices in active markets.
(2) Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for the related asset or liability.
(3) Fair value hierarchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable

* The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade and other payables as the carrying amounts of these assets and liabilities is a reasonable approximation of fair value.
** Transaction costs are included in the initial measurement of the financial liability (1 million euro)

15. Subsequent events

There are no subsequent events.

Addendum

The information provided in this addendum forms an integral part of the Condensed consolidated interim financial statements as of June 30, 2018. It has not been subject to a review of KPMG Bedrijfsrevisoren.

AGFA-GEVAERT GROUP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME for the second quarter ending June 2018 / June 2017

In million Euro	**Q2 ending June 30, 2018**	**Q2 ending June 30, 2017**
Condensed consolidated statement of profit or loss		
Revenue	**559**	**622**
Cost of sales	(379)	(409)
Gross profit	**180**	**213**
Selling expenses	(81)	(88)
Research and development expenses	(35)	(37)
Administrative expenses	(42)	(43)
Impairment loss on trade and other receivables, including contract assets, net amount	-	1
Other operating income	15	19
Other operating expenses	(10)	(20)
Result from operating activities	**26**	**45**
Interest income (expense) – net	***(1)***	***(1)***
Interest income	1	1
Interest expense	(2)	(2)
Other finance income (expense) – net	***(9)***	***(7)***
Other finance income	2	3
Other finance expense	(11)	(10)
Net finance costs	**(10)**	**(8)**
Profit (loss) before income tax	**16**	**37**
Income tax expense	(10)	(10)
Profit (loss) for the year	**6**	**27**
Profit attributable to:		
Owners of the Company	5	26
Non-controlling interests	1	1

Condensed consolidated statement of comprehensive income

In million Euro	Q2 ending June 30, 2018	Q2 ending June 30, 2017
Profit for the period	**6**	**27**
Other comprehensive income, net of tax	**12**	**(24)**
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences:	*11*	***(24)***
Exchange differences on translation of foreign operations	11	(24)
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-
Exchange differences on net investment hedge	-	-
Income tax on exchange differences on net investment hedge	-	-
Cash flow hedges:	*1*	**-**
Effective portion of changes in fair value of cash flow hedges	3	5
Change in fair value of cash flow hedges reclassified to profit or loss	-	(1)
Adjustments for amounts transferred to initial carrying Amount of hedged items	(2)	(4)
Income taxes	-	-
Items that will not be reclassified subsequently to profit or loss:	***(3)***	***(1)***
Equity investments at fair value through OCI – change in fair value	(2)	(1)
Remeasurements of the net defined benefit liability	-	-
Income tax on remeasurement of the net defined benefit liability	*(1)*	-
Total other comprehensive income for the period net of tax	**9**	**(25)**
Total comprehensive income for the period	**15**	**2**
attributable to:		
Owners of the Company	14	2
Non-controlling interests	1	-